

VIA CFTC PORTAL

15 August 2016

Mr Christopher Kirkpatrick
Commodity Futures Trading Commission
115 21st Street NW
Three Lafayette Centre
Washington DC 20581

LCH.Clearnet Limited Self-Certification: BAU Portfolio Transfer processes in SwapClear

Dear Mr Kirkpatrick,

Pursuant to Commodity Futures Trading Commission (the "CFTC") Regulation §40.6(a), LCH.Clearnet Limited ("LCH"), a derivatives clearing organization registered with the CFTC, is submitting for self-certification changes to its rules in respect to business as usual (BAU) Portfolio Transfers processes within the SwapClear clearing service.

Part I: Explanation and Analysis

Portfolio transfers of SwapClear contracts may occur as part of the BAU process and in the event of a Clearing Member's default. The proposed rule changes concern the BAU portfolio transfers only. SwapClear is enhancing the operational processes to execute BAU transfers; simultaneously, the rules are being revised to provide greater clarity to the current provisions and reflect the increased scope of permitted transfers.

The changes will go live on, or after, September 12, 2016.

Part II: Description of Rule Changes

The General Regulations have been amended to clarify some of the existing definitions and include new definitions and to add clarifying changes associated with the increased scope of BAU transfers of SwapClear Contracts. To note, certain provisions describing the operational processes to execute such transfers have been moved to the Procedures Section 2C, as further explained below.

Section 1.15 of the Procedures Section 2C has been amended largely to clarify the scope of permitted BAU transfers and simplify the current provisions on the steps required from the eligible transferors and transferees to execute such transfers, including completing a transfer request and fulfilling certain pre-conditions. Further, the amendments add clarity to the current circumstances where the transfer of collateral associated with the BAU position transfer is allowed. The timetable for SwapClear Client Transfer in section 1.15.8 has been deleted as no longer applicable.

The scope of BAU portfolio transfers cover transfers of SwapClear contracts to/from SwapClear Clearing Members ("SCMs") and Future Commission Merchant Clearing Members ("FCMs") and their Clients ("SCM Client" or "FCM Client"), as permitted under the LCH's rules. The types of eligible transfers are described from paragraph a) to g) of section 1.15.2 of Procedures Section 2C and summarised below.

- Paragraph a): a transfer between two Client accounts, where the respective Clearing Members (whether SCMs and/or FCMs) are different legal entities;
- Paragraph b): a transfer between two Client accounts, where the respective Clearing Member (whether SCM and/or FCM) is the same legal entity;
- Paragraphs c) and f): a transfer from a Client account to the Proprietary account of a Clearing Member. In this case the BAU transfer may only occur from a FCM Client account to the FCM's Proprietary account of that FCM Client or to another FCM; or from a SCM Client account to the SCM's Proprietary account of that SCM Client or to another SCM.
- Paragraphs d) and e): a transfer from a SCM's Proprietary account to a Client account (where the SCM is the Clearing Member of that Client or a different SCM). This is not applicable to FCMs and their Clients.

The above transfers are already permitted under the current rules. The change is for the BAU transfers in paragraphs a) and b), which currently may only occur between Client accounts of the same legal entities. Under the increased scope, such transfers would also be eligible between Client accounts of different legal entities, thus providing increased operational flexibility in undertaking these transfers.

The FCM Regulations have been amended to clarify some of the existing definitions, bringing them in line with the changes proposed in the General Regulations. The substantial changes are in Regulation 46, which largely are references to the provisions being proposed in the General Regulations and Procedures Section 2C to ensure consistency, to the extent possible, across LCH's rules. Paragraph p (v) of Regulation 46 includes an additional clarification that a transfer from a FCM's Proprietary account to a FCM Client account is prohibited; this is in line with LCH's current practice in a default scenario. In addition, the changes to Regulation 46 have rendered Regulation 13 largely not applicable to the BAU transfers of SwapClear contracts, unless otherwise explicitly noted; therefore Regulation 13 includes an amendment to this effect.

The changes in the FCM Procedures are largely deletions of provisions that are now part of the proposed rules in the FCM Regulations. The timetable for FCM Client Transfer in section 2.1.11 has been deleted as no longer applicable.

The texts of the changes are attached hereto as **Appendix I** for the General Regulations, **Appendix II** for the Procedures Section 2C, **Appendix III** for the FCM Regulations and as **Appendix IV** for the FCM Procedures.

Part III: Core Principle Compliance

LCH has reviewed the changes to its rules on portfolio transfers against the requirements of Core Principles F and G and finds that these will continue to comply with all the requirements and standards therein.

Part IV: Public Information

LCH has posted a notice of pending certification with the CFTC and a copy of the submission on LCH's website at:

<http://www.lchclearnet.com/rules-regulations/proposed-rules-changes>

Part V: Opposing Views

There were no opposing views expressed to LCH by governing board or committee members, members of LCH or market participants that were not incorporated into the rule.

Certification

LCH hereby certifies to the Commodity Futures Trading Commission, pursuant to the procedures set forth in Commission Regulation § 40.6, that attached rule submission complies with the Commodity Exchange Act, as amended, and the regulations promulgated there under.

Should you have any questions please contact me at julian.oliver@lch.com.

Yours sincerely



Julian Oliver

Chief Compliance Officer

LCH.Clearnet Limited

Appendix I
General Regulations

REGULATION 1 DEFINITIONS

In these Regulations and the Procedures, except where the context otherwise requires, the following words and expressions shall have the following meanings:

"Associated Collateral Balance"

means the Account Balance or Account Balances (as applicable) ~~to be transferred to a Receiving Clearing Member in respect of (i) an Individual Segregated Clearing Client; (ii) an individual Omnibus Gross Segregated Clearing Client (other than a Combined Omnibus Gross Segregated Clearing Client); (iii) each of the Omnibus Gross Segregated Clearing Clients comprising a group of Combined Omnibus Gross Segregated Clearing Clients; or (iv) each of the Identified Omnibus Net Segregated Clearing Clients or Affiliated Omnibus Net Segregated Clearing Clients within a particular Omnibus Segregated~~ that may be transferred from the Transfer Account of an Eligible Transferor to the Transfer Account of an Eligible Transferee pursuant to Regulation 60 of these Regulations and in accordance with the Procedures

"Bulk Threshold"

means the threshold (defined as a given number of SwapClear Contracts) established from time to time by the Clearing House in its sole and absolute discretion to distinguish Intra-Day Bulk Transfers from Intra-Day Non-Bulk Transfers and notified to SwapClear Clearing Members

"Carrying Clearing Member"

means (a) a SwapClear Clearing Member that ~~has~~ carries a Client Transfer Account ~~in respect of one or more SwapClear Clearing Clients, and~~ from which ~~Relevant~~ Transferring SwapClear Contracts and the relevant Associated Collateral Balance(s) may be transferred to the Transfer Account of a Receiving Clearing Member pursuant to Regulation 60 of these Regulations and in accordance with the Procedures or (b) in respect of a transfer as described in sub-paragraph (ii) of the definition of "Receiving Clearing Member", an FCM Clearing Member (and, for the avoidance of doubt, a Carrying Clearing Member may be a Receiving Clearing Member, and vice versa)

"Client Account"

means any Individual Segregated Account and any Omnibus Segregated Account

"Eligible Transferee"

means an SCM, acting for its own account or for the account of a SwapClear Clearing Client, that the Clearing House

permits, in its sole and absolute discretion, and subject always to compliance with Applicable Law, to receive Transferring SwapClear Contracts transferred by an Eligible Transferor pursuant to Regulation 60 of these Regulations and in accordance with the Procedures

“Eligible Transferor”

means an SCM, acting for its own account or for the account of a SwapClear Clearing Client, that the Clearing House permits, in its sole and absolute discretion, and subject always to compliance with Applicable Law, to transfer all or part of its Transferring SwapClear Contracts to an Eligible Transferee pursuant to Regulation 60 of these Regulations and in accordance with the Procedures

“End-of-Day Full Transfer”

means an end-of-day transfer of all (and not some) of the SwapClear Contracts from the Transfer Account of an Eligible Transferor of a Carrying Clearing Member to the Transfer Account of an Eligible Transferee of a Receiving Clearing Member and which may, but is not required to, include the transfer of an Associated Collateral Balance (except that no transfer of an Associated Collateral Balance is permitted for transfers between a Proprietary Account of a Carrying Clearing Member to a Proprietary Account of a Receiving Clearing Member without the prior consent of the Clearing House)

“End-of-Day Partial Transfer”

means an end-of-day transfer of some (but not all) of the SwapClear Contracts from the Transfer Account of an Eligible Transferor of a Carrying Clearing Member to the Transfer Account of an Eligible Transferee of a Receiving Clearing Member, where such transfer does not include the transfer of an Associated Collateral Balance

“Intra-Day Bulk Transfer”

means an Intra-Day Full Bulk Transfer and an Intra-Day Partial Bulk Transfer, unless the context otherwise requires

“Intra-Day Full Bulk Transfer”

means an intra-day transfer of all (but not some) of the SwapClear Contracts from the Transfer Account of an Eligible Transferor of a Carrying Clearing Member to the Transfer Account of an Eligible Transferee of a Receiving Clearing Member and which may, in the Clearing House’s sole and absolute discretion, include the transfer of an Associated Collateral Balance (except that no transfer of an Associated Collateral Balance is permitted for transfers between a Proprietary Account of a Carrying Clearing Member to a Proprietary Account of a Receiving Clearing

Member)

“Intra-Day Non-Bulk Transfer”

means an intra-day transfer of some or all of the SwapClear Contracts from the Transfer Account of an Eligible Transferor of a Carrying Clearing Member to the Transfer Account of an Eligible Transferee of a Receiving Clearing Member, where such transfer: (i) does not exceed the Bulk Threshold; and (ii) does not include the transfer of an Associated Collateral Balance

“Intra-Day Partial Bulk Transfer”

means an intra-day transfer of some (but not all) of the SwapClear Contracts from the Transfer Account of an Eligible Transferor of a Carrying Clearing Member to the Transfer Account of an Eligible Transferee of a Receiving Clearing Member, where such transfer does not include the transfer of an Associated Collateral Balance

“Permitted Transfer”

has the meaning ascribed to it in Section 2C of the Procedures

"Proprietary Account"

means an account opened within the Clearing House by a Clearing Member in respect of such Clearing Member's House Clearing Business and/or for the purpose of holding Client Buffer

"Receiving Clearing Member"

means a SwapClear Clearing Member or an FCM Clearing Member ~~nominated by one or more SwapClear Clearing Client(s) to~~that carries the Transfer Account that will receive the transfer of Relevant Transferring SwapClear Contracts and, where applicable, the relevant Associated Collateral Balance(s) held in respect of ~~such SwapClear Clearing Client(s)~~the Eligible Transferor from a Carrying Clearing Member pursuant to Regulation 60 of these Regulations and in accordance with the Procedures. For the avoidance of doubt, (i) an entity that is a SwapClear Clearing Client may also be a Receiving Clearing Member (other than a Receiving Clearing Member that is an FCM Clearing Member), ~~and~~ (ii) a Receiving Clearing Member that is not an FCM Clearing Member may be nominated to receive a transfer of FCM SwapClear Contracts and associated Collateral ~~attributable to an FCM Client~~ from a Carrying Clearing Member that is an FCM Clearing Member pursuant to Regulation ~~1346(p)~~4346(p) of the FCM Regulations (capitalised terms used in this sub-paragraph (ii) having the meanings set out in the FCM Regulations), and (iii) a Receiving Clearing Member may be a Carrying Clearing Member, and vice

versa

“Transfer Account”

means: (i) in respect of a Receiving Clearing Member, the account in which Transferring SwapClear Contracts are to be registered on behalf of an Eligible Transferee following a transfer pursuant to Regulation 60 of these Regulations and in accordance with the Procedures (which, for the avoidance of doubt, may be a Client Account or a Proprietary Account of the Receiving Clearing Member); and (ii) in respect of a Carrying Clearing Member, the account in which Transferring SwapClear Contracts are to be transferred from an Eligible Transferor following a transfer pursuant to Regulation 60 of these Regulations and in accordance with the Procedures (which, for the avoidance of doubt, may be a Client Account or a Proprietary Account of the Carrying Clearing Member)

**"Relevant Transferring
SwapClear Contracts"**

means those SwapClear Contracts registered ~~on behalf of one or more SwapClear Clearing Clients~~ within the Transfer Account of a Carrying Clearing Member that are subject to a request to be transferred to the Transfer Account of a Receiving Clearing Member and includes, in the case of a transfer as described in sub-paragraph (ii) of the definition of "Receiving Clearing Member", FCM SwapClear Contracts

REGULATION 60 TRANSFER

- (a) Other than in the event that a SwapClear Clearing Member is a Defaulter, ~~SwapClear Contracts carried by such a SwapClear Clearing Member in respect of SwapClear Client Clearing Business shall not be transferred except as provided in~~ any Permitted Transfer of one or more Transferring SwapClear Contracts from the Transfer Account of an Eligible Transferor to the Transfer Account of an Eligible Transferee (including, where relevant, the transfer of an Associated Collateral Balance), may only be done pursuant to this Regulation 60 ~~or in~~ and in accordance with the Procedures.
- (b) ~~A Receiving Clearing Member may (A) upon the instruction or at the request of an Individual Segregated Account Clearing Client or an individual Omnibus Gross Segregated Clearing Client (other than a Combined Omnibus Gross Segregated Clearing Client), request the Clearing House (as set out in the Procedures) to transfer to the Receiving Clearing Member the relevant SwapClear Clearing Client's portfolio (and not less than an entire portfolio) of SwapClear Contracts registered with the Carrying Clearing Member in a particular Client Account and, if also requested, to transfer the Associated Collateral Balance attributable to such SwapClear Clearing Client in respect of such Client Account from the Carrying Clearing Member to the Receiving Clearing Member; or (B) upon the instruction or at the request of (i) all of the Identified Omnibus Net Segregated Clearing Clients comprising a single Identified Client Omnibus Net Segregated Account held by a Carrying Clearing Member; (ii) all of the Affiliated Omnibus Net Segregated Clearing Clients comprising a single Affiliated Client Omnibus Net Segregated Account held by a Carrying Clearing Member; or (iii) all of the Omnibus Gross Segregated Clearing Clients comprising a particular group of Combined Omnibus Gross Segregated Clearing Clients of a Carrying Clearing Member, request the Clearing House (as set out in the Procedures), to transfer the entire portfolio (and not less than an entire portfolio) of SwapClear Contracts registered with the Carrying Clearing Member in a particular Client Account on behalf of the relevant SwapClear Clearing Clients and, if also requested, to transfer the Associated Collateral Balances attributable to such SwapClear Clearing Clients in respect of such Client Account from the Carrying Clearing Member to the Receiving Clearing Member. It is a condition precedent to a transfer described in this paragraph that:~~ Further to the satisfaction of the conditions set out in the Procedures, and provided that the Clearing House does not determine, in its sole discretion, that (x) a Permitted Transfer cannot be effected under these Regulations, the Procedures or otherwise under Applicable Law and/or (y) where applicable, the additional conditions as set out in Regulation 46(p) of the FCM Regulations need to be and have not been complied with, the Clearing House shall transfer the Transferring SwapClear Contract(s) into the Transfer Account of the Receiving Clearing Member as follows:
- (i) ~~no relevant SwapClear Clearing Client has become insolvent (each such SwapClear Clearing Client will be presumed to be solvent by the Clearing House unless evidenced to the contrary by the Carrying Clearing Member~~

~~in the manner set forth in the Procedures or as otherwise reasonably determined by the Clearing House);~~

- ~~(ii) — neither the Carrying Clearing Member nor the Receiving Clearing Member is a Defaulter;~~
- ~~(iii) — such transfer would not violate or result in the violation of any applicable law or regulation;~~
- ~~(iv) — the relevant SwapClear Clearing Client(s), the Receiving Clearing Member and the Carrying Clearing Member have each executed all documents necessary or required by the Clearing House in order to effect such transfer (including, where applicable, a Security Deed, Deed of Charge, Clearing Membership Agreement and/or a Clearing Agreement);~~
- ~~(v) — the Receiving Clearing Member has consented to the transfer of the Relevant SwapClear Contracts and, if applicable, the Associated Collateral Balance(s);~~
- ~~(vi) — the Receiving Clearing Member has transferred sufficient Collateral to the Clearing House in respect of its current SwapClear Contracts and the Relevant SwapClear Contracts;~~
- ~~(vii) — the Carrying Clearing Member has not rejected such transfer (it being presumed by the Clearing House that the Carrying Clearing Member has not so rejected the transfer unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in the Procedures or as otherwise reasonably determined by the Clearing House); and~~
- ~~(viii) — in the event that the transfer will lead to a requirement for the Carrying Clearing Member to transfer additional Collateral to the Clearing House, the Carrying Clearing Member transfers sufficient Collateral to the Clearing House.~~

~~By requesting a transfer of the Relevant SwapClear Contracts of a SwapClear Clearing Client and, if applicable, the Associated Collateral Balance(s) pursuant to this paragraph (b), the Receiving Clearing Member shall be deemed to have represented to the Clearing House that all of the conditions to such transfer set forth herein and in the Procedures have been satisfied.~~

~~For purposes of (vii) above, the Carrying Clearing Member may be entitled to reject a particular transfer only if (a) a relevant SwapClear Clearing Client has failed to satisfy all outstanding obligations that are due and payable to the Carrying Clearing Member and/or its Affiliates, including any requirement for additional Collateral that may result from the proposed transfer, where, with respect to obligations owed to Affiliates of the Carrying Clearing Member by a SwapClear Clearing Client, "**obligations**" shall consist only of those obligations that arise as a result of cross-margining, cross-netting or other similar arrangements with respect~~

~~to the Relevant SwapClear Contracts of that SwapClear Clearing Client that are being transferred or that SwapClear Clearing Client's related collateral, (b) the transfer of the Relevant SwapClear Contracts of that SwapClear Clearing Client would result in the SwapClear Clearing Client breaching exposure limits with, and/or other risk parameters set by, the Carrying Clearing Member and/or its Affiliates, or (c) such rejection is in accordance with terms agreed as between the Carrying Clearing Member and the relevant SwapClear Clearing Client.~~

~~(e) — A Receiving Clearing Member may (A) upon the instruction or at the request of an Individual Segregated Account Clearing Client or an individual Omnibus Gross Segregated Clearing Client (other than a Combined Omnibus Gross Segregated Clearing Client), request the Clearing House (as set out in the Procedures) to transfer a portion of that SwapClear Clearing Client's portfolio of SwapClear Contracts registered with a Carrying Clearing Member, or (B) upon the request or instruction of an Identified Omnibus Net Segregated Clearing Client, an Affiliated Omnibus Net Segregated Clearing Client or a Combined Omnibus Gross Segregated Clearing Client which is not otherwise covered by paragraph (b) above, request the Clearing House (as set out in the Procedures), to transfer either the whole or a part of such SwapClear Clearing Client's portfolio of SwapClear Contracts registered with the Carrying Clearing Member. It is a condition precedent to a transfer described in this paragraph that:~~

~~(i) no relevant SwapClear Clearing Client has become insolvent (each such SwapClear Clearing Client will be presumed to be solvent by the Clearing House unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in the Procedures or as otherwise reasonably determined by the Clearing House);~~in the case of a Permitted Transfer where the Receiving Clearing Member is the same entity as the Eligible Transferor, the Transferring SwapClear Contracts (and, if applicable, the Associated Collateral Balance) shall be transferred to the Proprietary Account of the Receiving Clearing Member;

~~(ii) — neither the Carrying Clearing Member nor the Receiving Clearing Member is a Defaulter;~~

~~(iii) — such transfer would not violate or result in the violation of any applicable law or regulation;~~

~~(iv) — the relevant SwapClear Clearing Client(s), the Receiving Clearing Member and the Carrying Clearing Member have each executed all documents necessary or required by the Clearing House in order to effect such transfer (including, where applicable, a Security Deed, Deed of Charge, Clearing Membership Agreement and/or a Clearing Agreement);~~

~~(v) — the Receiving Clearing Member has consented to the transfer of the Relevant SwapClear Contracts;~~

- ~~(vi) — the Receiving Clearing Member has transferred sufficient Collateral to the Clearing House in respect of its current SwapClear Contracts and the Relevant SwapClear Contracts;~~
- ~~(vii) — the Carrying Clearing Member has not rejected such transfer (it being presumed by the Clearing House that the Carrying Clearing Member has not so rejected the transfer unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in the Procedures or as otherwise reasonably determined by the Clearing House); and~~
- ~~(viii) — in the event that the transfer will lead to a requirement for the Carrying Clearing Member to transfer additional Collateral to the Clearing House, the Carrying Clearing Member transfers sufficient Collateral to the Clearing House.~~

~~By requesting a transfer of the Relevant SwapClear Contracts of a SwapClear Clearing Client pursuant to this paragraph (c), the Receiving Clearing Member shall be deemed to have represented to the Clearing House that all of the conditions to such transfer set forth herein and in the Procedures have been satisfied.~~

~~For the avoidance of doubt, in no circumstances may any part of the Clearing Member Current Collateral Balance held in the Client Account in which the Relevant SwapClear Contracts are registered be transferred under this paragraph (c).~~

~~For purposes of (vii) above, the Carrying Clearing Member may be entitled to reject a particular transfer only if (a) a relevant SwapClear Clearing Client has failed to satisfy all outstanding obligations that are due and payable to the Carrying Clearing Member and/or its Affiliates, including any requirement for additional Collateral that may result from the proposed transfer, where, with respect to obligations owed to Affiliates of the Carrying Clearing Member by a SwapClear Clearing Client, "**obligations**" shall consist only of those obligations that arise as a result of cross-margining, cross-netting or other similar arrangements with respect to the Relevant SwapClear Contracts of that SwapClear Clearing Client that are being transferred or that SwapClear Clearing Client's related collateral, (b) the transfer of the Relevant SwapClear Contracts of that SwapClear Clearing Client would result in the SwapClear Clearing Client breaching exposure limits with, and/or other risk parameters set by, the Carrying Clearing Member and/or its Affiliates, or (c) such rejection is in accordance with terms agreed as between the Carrying Clearing Member and the relevant SwapClear Clearing Client.~~

- ~~(d) — For the purposes of a transfer pursuant to paragraph (b) above that includes the transfer of the corresponding Associated Collateral Balance(s), the Carrying Clearing Member shall notify the Clearing House of the specific collateral which should comprise such Associated Collateral Balance(s). In the event that the Carrying Clearing Member fails to notify the Clearing House of the specific collateral which should comprise the Associated Collateral Balance(s), the~~

~~Clearing House shall identify and select (in the manner set out in the Procedures) the Collateral it deems appropriate to comprise the Associated Collateral Balance(s) attributable to the Relevant SwapClear Contracts entered into by the Carrying Clearing Member on behalf of the relevant SwapClear Clearing Client(s) in its sole discretion and, along with the Receiving Clearing Member, shall take such actions and provide such information in connection with the transfer as may be required under the Procedures. Once the Associated Collateral Balance(s) which are the subject of the relevant transfer have been notified by the Clearing House to the Receiving Clearing Member, the Receiving Clearing Member may elect to reject the transfer of some or all of such Associated Collateral Balance(s). Any such election will not, of itself, prevent the transfer of the Relevant SwapClear Contracts of the relevant SwapClear Clearing Client(s) and any Associated Collateral Balance which has been accepted by the Receiving Clearing Member, **provided that** the conditions set out in sub paragraphs (i) to (viii) of paragraph (b) above are satisfied in relation to such transfer. The Clearing House shall transfer the Associated Collateral Balance that has been identified and consented to by the Receiving Clearing Member. In the event that, for whatever reason, the Clearing House is unable to transfer such Associated Collateral Balance, the Clearing House will not proceed with the transfer of the Relevant SwapClear Contracts.~~

(ii) ~~(e) Further to the satisfaction of the conditions set out in paragraphs (b) and (c) above, and **provided that** the Clearing House does not determine, in its sole discretion, that (x) the transfer cannot be effected under these Regulations, the Procedures or otherwise under applicable laws or regulations and/or (y) where the transfer is as described in paragraph (ii) of the definition of "Receiving Clearing Member", additional conditions as set out in Regulation 13 of the FCM Regulations need to be and have not been complied with, the Clearing House shall transfer the Relevant SwapClear Contract(s) into the name of the Receiving Clearing Member as follows: (A) in the case of a transfer, where the Receiving Clearing Member is the same entity as the relevant SwapClear Clearing Client, the Relevant SwapClear Contracts (and, if applicable, the Associated Collateral Balance) shall be transferred to the Proprietary Account of the Receiving Clearing Member; (B) in a case of a transfer in the case of a Permitted Transfer where the Carrying Clearing Member is not an FCM Clearing Member and the Receiving Clearing Member is an FCM Clearing Member, the **Relevant Transferring** SwapClear Contracts (and, if applicable, the Associated Collateral Balance) shall be transferred to the relevant **FCM Client Sub-Transfer** Account of the relevant Receiving Clearing Member and all of the SwapClear Contracts to be transferred (which are subject to the Rulebook) shall, upon transfer, be converted to FCM SwapClear Contracts subject to the FCM Regulations and the FCM Procedures but shall otherwise remain on the same contract terms; and (C) in all other cases, the Relevant SwapClear Contracts (and, if applicable, the Associated Collateral Balance(s)) shall be transferred to the relevant Individual Segregated Account or Omnibus Segregated Account of the Receiving Clearing Member. The transfer of the Relevant SwapClear Contracts shall~~

~~occur by novation of all of the Carrying Clearing Member's rights and obligations in respect of such Relevant SwapClear Contracts to the Receiving Clearing Member.~~

~~(f) In the case where a transfer of Relevant SwapClear Contracts pursuant to paragraph (b) above will include the transfer of the Associated Collateral Balance(s):~~

~~(i) In respect of an Associated Collateral Balance that is subject to a Deed of Charge entered into between the Carrying Clearing Member and the Clearing House, such transfer shall be effected as follows:~~

~~(A) the Carrying Clearing Member shall relinquish all rights to such Associated Collateral Balance (including, for the avoidance of doubt, any beneficial interest and/or equity of redemption in respect thereof);~~

~~(B) such Associated Collateral Balance shall immediately upon such relinquishment be held by the Clearing House on behalf of the Receiving Clearing Member;~~

~~(C) where the Receiving Clearing Member is not an FCM Clearing Member, its rights to such Associated Collateral Balance arising as described in sub-paragraph (B) above shall become, in respect of the Relevant SwapClear Contracts, subject to the Deed of Charge entered into between the Receiving Clearing Member and the Clearing House (such rights thereby becoming Charged Property within the meaning of that Deed of Charge); and~~

~~(D) where the Receiving Clearing Member is an FCM Clearing Member, the Associated Collateral Balance shall be deemed to have been delivered by the Receiving Clearing Member to the Clearing House by way of a first priority security interest granted by the Receiving Clearing Member to the Clearing House under the FCM Regulations and the FCM Clearing Membership Agreement between the Receiving Clearing Member and the Clearing House.~~

~~(ii) In respect of any part of an Associated Collateral Balance that is not subject to the Deed of Charge entered into between the Carrying Clearing Member and the Clearing House, such transfer shall be by novation of the Carrying Clearing Member's rights and obligations in respect of such part of the Associated Collateral Balance to the Receiving Clearing Member.~~

~~(iii) For the avoidance of doubt, in the case of a Permitted Transfer where the Carrying Clearing Member shall have no right or entitlement to assert any claim over, or right with respect to is an FCM Clearing Member and the Receiving Clearing Member is not an FCM Clearing Member, the FCM SwapClear Contracts (and, if applicable, the Associated Collateral Balance transferred.) shall be transferred to the relevant Transfer Account of the~~

relevant Receiving Clearing Member and all of the FCM SwapClear Contracts to be transferred (which are subject to the FCM Rulebook) shall, upon transfer, be converted to SwapClear Contracts subject to the Rulebook but shall otherwise remain on the same contract terms; or

(iv) ~~The transfer of the Relevant SwapClear Contracts and Associated Collateral Balance shall be deemed to occur simultaneously, and the transfer of the Relevant SwapClear Contracts shall be conditioned on the transfer of the Associated Collateral Balance, and vice versa.~~ in all other cases, the Transferring SwapClear Contracts (and, if applicable, the Associated Collateral Balance(s)) shall be transferred to the Transfer Account of the Receiving Clearing Member.

~~(v) If the transfer of the Relevant SwapClear Contracts and Associated Collateral Balance is not completed for any reason, then any actual transfer of any part of the Associated Collateral Balance or Relevant SwapClear Contracts that has occurred, as the case may be, shall be deemed not to have occurred, and any actual transfer of any part of the Associated Collateral Balance or Relevant SwapClear Contracts that has occurred shall be immediately unwound.~~

~~(vi) (i) That portion (if any) of the Clearing House Current Collateral Balance in respect of the Relevant SwapClear Contracts (the "Relevant Portion") shall be reduced to zero; and (ii) the Clearing House Current Collateral Balance's rights and obligations in respect of such Transferring SwapClear Contracts to the Receiving Clearing Member shall be increased by an amount equal to the value of the Relevant Portion immediately prior to the reduction referred to in (i) immediately above.~~ as provided in Regulation 12(b).

(c) ~~(g)~~ A SwapClear Clearing Member may only assign the rights under, or transfer, a SwapClear Contract entered into by such SwapClear Clearing Member in respect of SwapClear Client Clearing Business, in accordance with the Rulebook or with the prior written consent of the Clearing House. Any purported assignment, or any purported transfer, of a SwapClear Contract entered into by a SwapClear Clearing Member in respect of SwapClear Client Clearing Business that is not in compliance with this Regulation 60(~~g~~c) shall be void.

(d) ~~(h)~~ If a SwapClear Clearing Member is a Defaulter, the Clearing House shall take such actions, subject to and in accordance with the Default Rules in relation to SwapClear Contracts carried by such SwapClear Clearing Member on behalf of SwapClear Clearing Clients, **provided always that** the Clearing House shall take such actions as are required to meet the Clearing House's continuing regulatory obligations including those applicable to it as a Recognised Clearing House and a Derivatives Clearing Organization.

- ~~(i) Subject to paragraph (j) below, but otherwise notwithstanding anything to the contrary in these Regulations, in making any transfer of Relevant SwapClear Contracts and (if applicable) an Associated Collateral Balance pursuant to this Regulation 60, the Clearing House shall be authorised and entitled to rely conclusively on the instructions of, and information provided by, the relevant SwapClear Clearing Member(s), which shall be solely responsible for all such instructions and information, including for the purposes of ensuring that (i) the transfer is properly authorised or rejected (as the case may be); (ii) the appropriate Client Account of the Carrying Clearing Member (from which the transfer is to be made) has been identified and the transfer is made from that Client Account; and (iii) in the case of a partial transfer of SwapClear Contracts pursuant to paragraph (e) above, the appropriate Relevant SwapClear Contracts have been identified by the Receiving Clearing Member, and the Clearing House shall have no responsibility or liability therefor.~~
- ~~(j) The Clearing House shall verify that the Relevant SwapClear Contracts identified to it by a SwapClear Clearing Member as being the subject of such a transfer correspond to SwapClear Contracts which, according to its records, are registered in the name of the Carrying SwapClear Clearing Member on behalf of the relevant SwapClear Clearing Client. In the event that the Clearing House identifies a discrepancy, it will notify the relevant SwapClear Clearing Member(s) and no transfer will occur pursuant to this Regulation 60 until such time as the Relevant SwapClear Contracts identified to the Clearing House by the relevant SwapClear Clearing Member(s) can be verified by the Clearing House.~~
- (e) ~~(k)~~ The Carrying Clearing Member agrees to indemnify the Clearing House in respect of all liabilities, costs, loss, fees, damages or expenses suffered or incurred by the Clearing House (howsoever arising or occurring) by reason of a proposed transfer being rejected by the Carrying Clearing Member other than in compliance with the grounds set out in the ~~final paragraphs of Regulation 60(b) and Regulation 60(e) above~~ Procedures.
- ~~(l) If and to the extent permitted under applicable law, and if applicable under the rules of an Approved Trade Source System, a SwapClear Clearing Member may transfer positions from one Client Account to another Client Account of that SwapClear Clearing Member, provided that: (i)(a) the transferring SwapClear Contracts will be owned or beneficially owned by the same Clearing Client(s); or (i)(b) an error has been made in the registration of a SwapClear Contract and the error is discovered and the transfer is completed within three Business Days (or any such longer period that the Clearing House may agree to in its sole discretion) after the registration that SwapClear Contract; or (ii) the Clearing House otherwise approves the transfer in its sole discretion. Any transfers carried out in accordance with this Regulation 60(l) are subject to the provisions of the Procedures.~~

Appendix II
Procedures Section 2C (SwapClear)



LCH.CLEARNET LIMITED

PROCEDURES SECTION 2C

SWAPCLEAR CLEARING SERVICE

1.15 **Position**Portfolio Transfers (BAU)

1.15.1 Introduction

The SwapClear Clearing System provides functionality for transfer of ~~positions between SCMs and from an SCM to an FCM Clearing Member. Other than transfers conducted pursuant to Regulation 60 (Transfer) and Section 1.20.4, an SCM who wishes to effect a position transfer to another SCM should~~one or more Transferring SwapClear Contracts between the Transfer Account of an Eligible Transferor to the Transfer Account of an Eligible Transferee, including, where relevant, the transfer of an Associated Collateral Balance. For the avoidance of doubt, and subject to the requirements of FCM Regulation 46(p), an FCM Clearing Member, acting for its own account or for the account of an FCM Client, may be an Eligible Transferor or an Eligible Transferee.

For transfers other than Permitted Transfers (as defined in Section 1.15.2 below), please contact the Clearing House Risk Management Department.

SwapClear Dealers who wish to change their SCM will be required to execute a new SwapClear Dealer Clearing Agreement with their intended new SCM. The Clearing House will, if all parties are in agreement, effect a transfer of positions from one SCM to the other.

~~Other than in respect of a transfer to a Backup Clearing Member following a default of their existing SwapClear Clearing Member, transfers will only be effected once adequate Collateral (which, in the case of transfers conducted pursuant to Regulation 60(b) (Transfer), may include an Associated Collateral Balance) has been transferred to the Clearing House by both parties to the transfer.~~

~~1.15.1 Legal Documentation~~

~~The Clearing House will provide standard legal documentation for the transfer of positions. The transfer must be authorised by both parties and by individuals with appropriate signing authority.~~

1.15.2 ~~Position Transfer Notice Period~~Permitted Transfers

~~The Clearing House will usually require five business days notice ahead of an intended transfer.~~

~~.....~~

~~1.16 1.17 1.18 1.19 1.20 1.21 1.22 1.22.1 1.22.2 1.22.3 1.22.4~~

~~Transfer of SwapClear Contracts held by a Carrying Clearing Member on behalf of SwapClear Clearing Clients~~

~~In certain circumstances, the Clearing House will transfer SwapClear Contracts registered with a Carrying Clearing Member on behalf of a SwapClear Clearing Client from such Carrying Clearing Member to a Receiving Clearing Member on behalf of a SwapClear Clearing Client, pursuant to Regulation 60 (Transfer).~~

An End-of-Day Full Transfer, End-of-Day Partial Transfer, Intra-Day Non-Bulk Transfer or Intra-Day Bulk Transfer that meets the criteria in any of (a) through (g) below shall be a “Permitted Transfer” for purposes of Regulation 60 (Transfers) and this Section 1.15. For the avoidance of doubt, a Permitted Transfer may be effected for all or part of the notional amount associated with the Transferring SwapClear Contracts.

- (a) ~~Partial Transfers~~a transfer of one or more Transferring SwapClear Contracts where: (A) the Transfer Account of the Eligible Transferor is a Client Account; (B) the Transfer Account of the Eligible Transferee is a Client Account; and (C) the Receiving Clearing Member and the Carrying Clearing Member are separate legal entities;

~~Where, pursuant to paragraph (c) of Regulation 60 (Transfer), a Receiving Clearing Member wishes, on behalf of (i) an Individual Segregated Account Clearing Client or an individual Omnibus Gross Segregated Clearing Client (other than a Combined Omnibus Gross Segregated Clearing Client) to receive a transfer of a portion of such SwapClear Clearing Client's portfolio of SwapClear Contracts held with a Carrying Clearing Member; or (ii) an Identified Omnibus Net Segregated Clearing Client, an Affiliated Omnibus Net Segregated Clearing Client or a Combined Omnibus Gross Segregated Clearing Client to receive a transfer of some or all of such SwapClear Clearing Client's portfolio of SwapClear Contracts held with a Carrying Clearing Member, which is otherwise not covered by paragraph (b) of Regulation 60 (Transfer), the Receiving Clearing Member shall provide the Clearing House with a SwapClear Clearing Client Partial Transfer Form (see Schedule 2), signed by or on behalf of the relevant SwapClear Clearing Client. Such form shall list all of the Relevant SwapClear Contracts that are to be transferred pursuant to this Procedure. Following receipt of a SwapClear Clearing Client Partial Transfer Form, the Clearing House shall notify the Carrying Clearing Member that a request has been received to transfer SwapClear Contracts. All partial transfers shall take place in accordance with the timing and notice requirements set out in Procedure 1.20.4(d). In the event that such timing and notice requirements are not complied with, and unless agreed otherwise between the Clearing House and the relevant Clearing Members, the relevant partial transfer shall not take effect.~~

~~In the event that any of the conditions set forth in paragraph (c) of Regulation 60 (Transfer) are not satisfied, including where the Carrying Clearing Member notifies the Clearing House that certain of the conditions have not been satisfied using the Carrying Clearing Member~~

~~Response Form, the Clearing House shall not proceed with the transfer of the Relevant SwapClear Contracts and shall promptly notify the Receiving Clearing Member of such outcome. If the Receiving Clearing Member wishes to proceed with such transfer, it shall be required to submit a new request to transfer in accordance with these Procedures.~~

- (b) ~~*Full Transfers*~~ a transfer of one or more Transferring SwapClear Contracts where: (A) the Transfer Account of the Eligible Transferor is a Client Account; (B) the Transfer Account of the Eligible Transferee is a Client Account; and (C) the Receiving Clearing Member and the Carrying Clearing Member are the same legal entity, **provided that:**

~~Where, pursuant to paragraph (b) of Regulation 60 (*Transfer*): (A) a Receiving Clearing Member wishes, on behalf of an Individual Segregated Account Clearing Client or an individual Omnibus Gross Segregated Clearing Client (other than a Combined Omnibus Gross Segregated Clearing Client) to receive a transfer of the relevant SwapClear Clearing Client's portfolio (and not less than an entire portfolio) of SwapClear Contracts registered with the Carrying Clearing Member in a particular Client Account; or (B) a Receiving Clearing Member wishes, on behalf of (i) all of the Identified Omnibus Net Segregated Clearing Clients comprising a single Identified Client Omnibus Net Segregated Account held by a Carrying Clearing Member; (ii) all of the Affiliated Omnibus Net Segregated Clearing Clients comprising a single Affiliated Client Omnibus Net Segregated Account held by a Carrying Clearing Member; or (iii) all of the Omnibus Gross Segregated Clearing Clients comprising a particular group of Combined Omnibus Gross Segregated Clearing Clients of a Carrying Clearing Member, to receive a transfer of the entire portfolio (and not less than an entire portfolio) of SwapClear Contracts registered with the Carrying Clearing Member in a particular Client Account on behalf of the relevant SwapClear Clearing Clients, such Receiving Clearing Member shall provide the Clearing House with a SwapClear Clearing Client Full Transfer Form (see Schedule 3), in respect of (and signed by or on behalf of) each SwapClear Clearing Client on behalf of whom the relevant transfer would be made. Each such form shall confirm that all SwapClear Contracts attributable to the applicable SwapClear Clearing Client shall be transferred pursuant to this Procedure. Where a Receiving Clearing Member submits a SwapClear Clearing Client Full Transfer Form, it must confirm whether or not the relevant SwapClear Clearing Client also wishes to transfer the Associated Collateral Balance in respect of the relevant SwapClear Clearing Client. Following receipt of a SwapClear Clearing Client Full Transfer Form, the Clearing House shall notify the Carrying Clearing Member that a request has been received to transfer SwapClear Contracts. All full transfers shall take place in accordance with the timing and notice requirements set out in Section 1.20.4(d). In the event that such timing and notice requirements are not complied with, and unless agreed~~

~~otherwise between the Clearing House and the relevant Clearing Members, the relevant transfer shall not take effect.~~

~~In the event that any of the conditions set forth in paragraph (b) of Regulation 60 (*Transfer*) are not satisfied, including where the Carrying Clearing Member notifies the Clearing House that certain conditions have not been satisfied using the Carrying Clearing Member Response Form, the Clearing House shall not proceed with the transfer of the Relevant SwapClear Contracts or the transfer of any~~

- ~~(i) the Transferring SwapClear Contracts are owned or beneficially owned by the same Clearing Client; or~~
- ~~(ii) an error has been made in the registration of a SwapClear Contract and the error is discovered and the transfer is completed within three Business Days (or such other longer period that the Clearing House may agree to in its sole discretion) after the registration of the SwapClear Contract;~~
- ~~(c) a transfer of one or more Transferring SwapClear Contracts where: (A) the Transfer Account of the Eligible Transferor is a Client Account; (B) the Transfer Account of the Eligible Transferee is a Proprietary Account; and (C) the Receiving Clearing Member and the Carrying Clearing Member are separate legal entities;~~
- ~~(d) a transfer of one or more Transferring SwapClear Contracts where: (A) the Transfer Account of the Eligible Transferor is a Proprietary Account; (B) the Transfer Account of the Eligible Transferee is a Client Account; and (C) the Receiving Clearing Member and the Carrying Clearing Member are separate legal entities; and~~
- ~~(e) a transfer of one or more Transferring SwapClear Contracts where: (A) the Transfer Account of the Eligible Transferor is a Proprietary Account; (B) the Transfer Account of the Eligible Transferee is a Client Account; and (C) the Receiving Clearing Member and the Carrying Clearing Member are the same legal entity;~~
- ~~(f) a transfer of one or more Transferring SwapClear Contracts where: (A) the Transfer Account of the Eligible Transferor is a Client Account; (B) the Transfer Account of the Eligible Transferee is a Proprietary Account; and (C) the Receiving Clearing Member and the Carrying Clearing Member are the same legal entity; and~~
- ~~(g) any transfer that the Clearing House otherwise approves in its sole discretion.~~

1.15.3 Transfer Requests

- ~~(a) Each transfer request (“**Transfer Request**”) pursuant to Regulation 60 (*Transfer*) and this Section 1.15 may only be made in respect of a Permitted Transfer and must be prepared and submitted in the form and~~

manner prescribed by the Clearing House from time to time. The Transfer Request shall list all of the Transferring SwapClear Contracts that are to be transferred (including, where relevant, any relevant Associated Collateral Balance ~~(when applicable) and shall promptly notify the Receiving Clearing Member of such outcome. If the Receiving Clearing Member wishes to proceed with such transfer or any other transfer of Relevant SwapClear Contracts of the SwapClear Clearing Clients referred to in (A) or (B) in the preceding paragraph, it shall be required to submit a new request to transfer in accordance with these Procedures.~~). Following receipt of a Transfer Request, the Clearing House shall notify the Carrying Clearing Member that a Transfer Request has been received to transfer Transferring SwapClear Contracts.

- (b) ~~Following receipt by~~In respect of any Permitted Transfer that involves the transfer of all (and not some) of the SwapClear Contracts from the Transfer Account of an Eligible Transferor (with or without the transfer of an Associated Collateral Balance), once the Carrying Clearing Member ~~of the~~receives notice that a ~~SwapClear Clearing Client Full Transfer Form~~Transfer Request has been received, the Carrying Clearing Member shall not be permitted to submit additional SwapClear Contracts ~~on behalf~~in the Transfer Account of the ~~SwapClear Clearing Clients~~Eligible Transferor whose SwapClear Contracts are to be subject to transfer ~~during the period commencing at the end of the SwapClear service operating hours on the day on which the relevant SwapClear Clearing Member received such notice and ending at~~until the time at which the relevant transfer (including the transfer of any relevant Associated Collateral Balance, if applicable) is actually effected, fails or is rejected in accordance with Regulation 60 (*Transfer*) and these Procedures.

1.15.4 Transfer Notice Period

The timing for Transfer Requests pursuant to Regulation 60 (*Transfer*) and this Section 1.15 will be as prescribed by the Clearing House by way of a member circular.

1.15.5 Conditions Precedent to Permitted Transfer

It is a condition precedent to any Permitted Transfer from the Transfer Account of an Eligible Transferor to the Transfer Account of an Eligible Transferee pursuant to Regulation 60 (*Transfer*) and this Section 1.15 that:

- (a) the transfer is a Permitted Transfer as defined in Section 1.15.2;
- (b) the Receiving Clearing Member has provided the Clearing House with:
- (i) a Transfer Request in the form and manner prescribed by the Clearing House; and

- (ii) such evidence of the authorisation of the Permitted Transfer by the Eligible Transferor and Eligible Transferee as the Clearing House may require in its sole discretion;
- (c) neither the Eligible Transferor nor the Eligible Transferee has become insolvent (each Eligible Transferor and Eligible Transferee will be presumed to be solvent by the Clearing House unless evidenced to the contrary by the Carrying Clearing Member in the manner reasonably determined by the Clearing House);
- (d) neither the Carrying Clearing Member nor the Receiving Clearing Member is a Defaulter;
- (e) such transfer would not violate or result in the violation of any Applicable Law or regulation, including:
 - (i) the authorisation, registration or other regulatory requirements, if any, that may apply to the Receiving Clearing Member as a consequence of the transfer; and
 - (ii) where the transfer leads to a change in beneficial ownership, the requirements, if any, that may apply to the method of execution by which the Eligible Transferor has sold the Transferring SwapClear Contracts to the Eligible Transferee;
- (f) the Eligible Transferor, Eligible Transferee, the Receiving Clearing Member and the Carrying Clearing Member have each executed all documents necessary or required by the Clearing House in order to effect such transfer (including, where applicable, a Security Deed, Deed of Charge, Clearing Membership Agreement and/or a Clearing Agreement);
- (g) the Receiving Clearing Member has consented to the transfer of the Transferring SwapClear Contracts and, where relevant, the Associated Collateral Balance(s);
- (h) the Receiving Clearing Member has transferred (or has made available) sufficient Collateral to the Clearing House in respect of its current SwapClear Contracts and the Transferring SwapClear Contracts;
- (i) the Carrying Clearing Member has not rejected such transfer in accordance with Section 1.15.6 (it being presumed that the Carrying Clearing Member has not so rejected the transfer unless evidenced to the contrary by the Carrying Clearing Member in accordance with this Section 1.15 or as otherwise reasonably determined by the Clearing House); and
- (j) in the event that the transfer will lead to a requirement for the Carrying Clearing Member to transfer (or make available) additional Collateral to the Clearing House, the Carrying Clearing Member transfers sufficient Collateral to the Clearing House.

In the event that any of the conditions of set forth above are not satisfied, including where the Carrying Clearing Member notifies the Clearing House that certain conditions have not been satisfied in a manner reasonably acceptable to the Clearing House, the Clearing House shall not proceed with the transfer of the Transferring SwapClear Contracts or, if applicable, the transfer of any Associated Collateral Balance, and shall promptly notify the Receiving Clearing Member of such outcome. If the Receiving Clearing Member wishes to proceed with such transfer or any other transfer of Transferring SwapClear Contracts of the Eligible Transferor(s), it shall be required to submit a new Transfer Request in accordance with these Procedures.

By requesting a transfer of the Transferring SwapClear Contracts from the Transfer Account of an Eligible Transferor and, if applicable, the Associated Collateral Balance(s) pursuant to this Section 1.15, the Receiving Clearing Member shall be deemed to have represented to the Clearing House that all of the conditions to such transfer set forth herein have been satisfied.

1.15.6 Rejection of Transfer Request

For purposes of paragraph (i) of Section 1.15.5 above, the Carrying Clearing Member may be entitled to reject a particular Transfer Request by notifying the Clearing House (in either electronic or written form as prescribed by the Clearing House) only if:

- (a) the Eligible Transferor has failed to satisfy all outstanding obligations that are due and payable to the Carrying Clearing Member and/or its Affiliates, including any requirement for additional Collateral that may result from the proposed transfer, where, with respect to obligations owed to Affiliates of the Carrying Clearing Member by an Eligible Transferor, “obligations” shall consist only of those obligations that arise as a result of cross-margining, cross-netting or other similar arrangements with respect to the Transferring SwapClear Contracts of that Eligible Transferor that are being transferred or that Eligible Transferor’s related Collateral;
- (b) the transfer of the Transferring SwapClear Contracts of that Eligible Transferor would result in the Eligible Transferor breaching exposure limits with, and/or other risk parameters set by, the Carrying Clearing Member and/or its Affiliates; or
- (c) ~~Collateral Transfers~~ such rejection is in accordance with terms agreed as between the Carrying Clearing Member and the relevant Eligible Transferor.

1.15.7 Right to Call Collateral

Permitted Transfers will only be effected once adequate Collateral is available (which may be as a consequence of margin forbearance or the transfer of an Associated Collateral Balance) in respect of both Transfer Accounts affected by the transfer. In connection with any Permitted Transfer, the Clearing House may call for Collateral in respect of initial and/or variation margin to be

deposited in such amounts and at such times as the Clearing House, in its sole discretion, requires. Any Collateral so called and deposited shall be reserved and made available solely in connection with the Permitted Transfer.

1.15.8 Transfer of Associated Collateral Balance

Where a Receiving Clearing Member notifies the Clearing House ~~that a SwapClear Clearing Client wishes~~ of a proposal to transfer an Associated Collateral Balance ~~from the Carrying Clearing Member to the Receiving Clearing Member~~ in connection with a Permitted Transfer, the Clearing House shall notify the Carrying Clearing Member of such request ~~in accordance with the timetable below~~. Following such notification and upon request from the Clearing House, the Carrying Clearing Member shall confirm to the Clearing House ~~(using the Carrying Member Response Form) which~~ the specific collateral ~~will~~ which should comprise ~~the~~ such Associated Collateral Balance ~~to be transferred with the Relevant SwapClear Contracts. (s)~~. In the event that the Carrying Clearing Member fails to ~~do so in accordance with the timetable below~~ notify the Clearing House of the specific collateral which should comprise the Associated Collateral Balance(s), the Clearing House shall ~~determine (in its sole discretion) the Associated Collateral Balance that is to be transferred from the relevant Client Account of the Carrying Clearing Member. The Clearing House shall notify the Carrying Clearing Member and the Receiving Clearing Member of the Associated Collateral Balance that will be transferred in accordance with the timetable below. Following receipt of such notification~~ identify and select the Collateral it deems appropriate to comprise the Associated Collateral Balance(s) attributable to the Transferring SwapClear Contracts, in its sole discretion. Any Collateral so identified shall be reserved and made available solely in connection with the Permitted Transfer. Once the relevant Associated Collateral Balance(s) of the transfer have been notified by the Clearing House to the Receiving Clearing Member, the Receiving Clearing Member may elect to reject the transfer of some or all of the relevant Associated Collateral Balance in accordance with paragraph (d) of Regulation 60 (Transfer) such Associated Collateral Balance(s).

Any such election will not, of itself, prevent the transfer of the Transferring SwapClear Contracts of the Eligible Transferor and any Associated Collateral Balance which has been accepted by the Receiving Clearing Member, provided that the conditions set out in Section 1.15.4 above are satisfied in relation to such transfer. The Clearing House shall transfer ~~that part of~~ the Associated Collateral Balance that has been identified and consented to by the Receiving Clearing Member. In the event that, for whatever reason, the Clearing House is unable to transfer ~~the relevant Associated Collateral Balance, the Clearing House will not proceed with the transfer of the Relevant SwapClear Contracts. In the event that any of the conditions set forth in paragraph (b) of Regulation 60 are not satisfied, including where the Carrying Clearing Member notifies the Clearing House that certain conditions have not been satisfied using the Carrying Clearing Member Response Form, such that the associated Relevant SwapClear Contracts will not be transferred~~ such Associated Collateral Balance, the Clearing House ~~shall~~ will not proceed with the transfer of the ~~relevant Associated Collateral Balance~~ Transferring SwapClear

Contracts. In such circumstances, the Clearing House will notify the Receiving Clearing Member that the Associated Collateral Balance will not be transferred and, in order to proceed with the transfer of the associated ~~Relevant~~Transferring SwapClear Contracts, the Receiving Clearing Member will have to furnish to the Clearing House sufficient collateral in respect of the ~~Relevant~~Transferring SwapClear Contracts.

~~In the event that~~Where: (i) the Clearing House transfers an Associated Collateral Balance pursuant to these Procedures and the ~~General Regulations; it~~Regulations; or (ii) a Permitted Transfer does not lead to a change in beneficial ownership, the Clearing House will also transfer the aggregate balance held in respect of variation margin and next day settlement coupons and fees associated with the transferring ~~Relevant~~Transferring SwapClear Contracts.

~~(d) —~~ **Timetable for SwapClear Clearing Client Transfer**

Time (all references below are to London Time)	Partial Transfer	Full Transfer (with collateral)	Full Transfer (without collateral)
Day 0: 17:00	Deadline for receipt from Receiving Clearing Member of SwapClear Clearing Client Partial Transfer Form.	Deadline for receipt from Receiving Clearing Member of SwapClear Clearing Client Full Transfer Form and confirmation that Associated Collateral Balance is to be transferred.	Deadline for receipt from Receiving Clearing Member of SwapClear Clearing Client Full Transfer Form.
Day 0: 19:00	Deadline for Clearing House to notify Carrying Clearing Member of receipt by Clearing House of SwapClear Clearing Client Partial Transfer Form.	Deadline for Clearing House to notify Carrying Clearing Member of receipt by Clearing House of SwapClear Clearing Client Full Transfer Form.	Deadline for Clearing House to notify Carrying Clearing Member of receipt by Clearing House of SwapClear Clearing Client Full Transfer Form.
Day 1: 10:00	Deadline for: (i) notification by the Clearing House to the Carrying Clearing Member and the Receiving Clearing Member that it intends to transfer the Relevant SwapClear Contracts of the relevant SwapClear Clearing Client pursuant to a request from the Receiving Clearing Member; and	Deadline for: (i) notification by the Clearing House to the Carrying Clearing Member and the Receiving Clearing Member that it intends to transfer the Relevant SwapClear Contracts of the relevant SwapClear Clearing Client pursuant to a request from the Receiving	Deadline for: (i) notification by the Clearing House to the Carrying Clearing Member and the Receiving Clearing Member that it intends to transfer the Relevant SwapClear Contracts of the relevant SwapClear Clearing Client pursuant to a request

Time (all references below are to London Time)	Partial Transfer	Full Transfer (with collateral)	Full Transfer (without collateral)
	(ii) provision by the Clearing House of details to the Carrying Clearing Member and the Receiving Clearing Member of the Relevant SwapClear Contracts to be transferred.	Clearing Member; and (ii) provision of details to the Carrying Clearing Member and the Receiving Clearing Member of the Relevant SwapClear Contracts to be transferred.	from the Receiving Clearing Member; and (ii) provision of details to the Carrying Clearing Member and the Receiving Clearing Member of the Relevant SwapClear Contracts to be transferred.
Day 2: 12:00	Deadline for notification (if any) from Carrying Clearing Member that it is rejecting the transfer (in accordance with Regulation 60(d)(v)).	Deadline for notification (if any) from Carrying Clearing Member that it is rejecting the transfer (in accordance with Regulation 60(b)(v) or 60(c)(v) (as applicable)). Deadline for confirmation from Carrying Clearing Member of the collateral which is to comprise the relevant Associated Collateral Balance(s) and be ported to the Receiving Clearing Member.	Deadline for notification (if any) from Carrying Clearing Member that it is rejecting the transfer (in accordance with Regulation 60(b)(v) or (c)(v) (as applicable)).
Day 2: 12:00 to 14:00		LCH notifies the Receiving Clearing Member of the Associated Collateral Balance that would be transferred.	
Day 2: 17:00	Deadline for receipt by the Clearing House of consent to transfer of the Relevant SwapClear Contracts from the Receiving Clearing Member.	Deadline for receipt by the Clearing House of consent to transfer of the Relevant SwapClear Contracts and (if applicable) some or all of the Associated Collateral Balance from the Receiving Clearing	Deadline for receipt by the Clearing House of consent to transfer of the Relevant SwapClear Contracts from the Receiving Clearing Member.

Time (all references below are to London Time)	Partial Transfer	Full Transfer (with collateral)	Full Transfer (without collateral)
		Member.	
Day 3: 08:00	Target deadline for notification by Clearing House to the Carrying Clearing Member and/or the Receiving Clearing Member of whether any additional Collateral needs to be transferred to the Clearing House to enable the transfer.	Target deadline for notification by Clearing House to the Receiving Clearing Member of whether any additional Collateral needs to be transferred to the Clearing House to enable the transfer.	Target deadline for notification by Clearing House to the Receiving Clearing Member of whether any additional Collateral needs to be transferred to the Clearing House to enable the transfer.
Day 3: 09:00	Deadline for receipt by Clearing House of any additional Collateral from the Carrying Clearing Member and/or the Receiving Clearing Member required to enable the transfer.	Deadline for receipt by Clearing House of any additional Collateral from the Receiving Clearing Member required to enable the transfer.	Deadline for receipt by Clearing House of any additional Collateral from the Receiving Clearing Member required to enable the transfer.
Day 3: 09:00	Clearing House transfers the Relevant SwapClear Contracts.	Clearing House transfers the Relevant SwapClear Contracts and (if applicable) some or all of the Associated Collateral Balance.	Clearing House transfers the Relevant SwapClear Contracts.

In the case where a transfer of Transferring SwapClear Contracts pursuant to this Section 1.15.8 will include the transfer of the Associated Collateral Balance(s) to the Transfer Account of the Eligible Transferee:

(a) In respect of an Associated Collateral Balance that is subject to a Deed of Charge entered into between the Carrying Clearing Member and the Clearing House, such transfer shall be effected as follows:

(i) the Carrying Clearing Member shall relinquish all rights to such Associated Collateral Balance (including, for the avoidance of doubt, any beneficial interest and/or equity of redemption in respect thereof);

(ii) such Associated Collateral Balance shall immediately upon such relinquishment be held by the Clearing House on behalf of the Receiving Clearing Member;

- (iii) where the Receiving Clearing Member is not an FCM Clearing Member, its rights to such Associated Collateral Balance arising as described in sub-paragraph (a)(ii) above shall become, in respect of the Transferring SwapClear Contracts, subject to the Deed of Charge entered into between the Receiving Clearing Member and the Clearing House (such rights thereby becoming Charged Property within the meaning of that Deed of Charge); and
- (iv) where the Receiving Clearing Member is an FCM Clearing Member, the Associated Collateral Balance shall be deemed to have been delivered by the Receiving Clearing Member to the Clearing House by way of a first-priority security interest granted by the Receiving Clearing Member to the Clearing House under the FCM Regulations and the FCM Clearing Membership Agreement between the Receiving Clearing Member and the Clearing House.
- (b) In respect of any part of an Associated Collateral Balance that is not subject to the Deed of Charge entered into between the Carrying Clearing Member and the Clearing House, such transfer shall be by novation of the Carrying Clearing Member's rights and obligations in respect of such part of the Associated Collateral Balance to the Receiving Clearing Member.
- (c) For the avoidance of doubt, the Carrying Clearing Member shall have no right or entitlement to assert any claim over, or right with respect to, the Associated Collateral Balance transferred.
- (d) ~~The timings and processes listed in the table above may be amended from time to time by the Clearing House in its full discretion via member circular.~~transfer of the Transferring SwapClear Contracts and Associated Collateral Balance shall be deemed to occur simultaneously, and the transfer of the Transferring SwapClear Contracts shall be conditioned on the transfer of the Associated Collateral Balance, and vice versa.

~~In the case of a Carrying Clearing Member that is an FCM Clearing Member, the timings and processes in respect of a transfer of FCM SwapClear Contracts will be as set out in the FCM Procedures.~~

- (e) ~~Transfers of SwapClear Contracts from one Client Account to another Client Account opened by the same Clearing Member~~If the transfer of the Transferring SwapClear Contracts and Associated Collateral Balance is not completed for any reason, then any actual transfer of any part of the Associated Collateral Balance or Transferring SwapClear Contracts that has occurred, as the case may be, shall be deemed not to have occurred, and any actual transfer of any part of the Associated Collateral Balance or Transferring SwapClear Contracts that has occurred shall be immediately unwound.

~~A Clearing Member is permitted under certain conditions to transfer SwapClear Contracts registered to one Client Account to another Client Account pursuant to Regulation 60(1). Transfers are permitted between two Omnibus Segregated Accounts, two Individual Segregated Accounts or between an Individual Segregated Account and an Omnibus Segregated Account (or vice-versa).~~

~~Clearing Members interested in providing these services to their Clearing Clients should contact the Clearing House's SwapClear Client Services department. A Clearing Member may provide these services if, with respect to and prior to each such transfer that it intends to conduct, it delivers all information required by the Clearing House with respect to the intended transfer in the format required by the Clearing House (which may include transfer forms or other relevant documentation). Details can be obtained from the Clearing House's SwapClear Client Services department. Even where such Clearing Member has provided all requested information, each transfer shall be subject to the Clearing House's discretion. Transfer requests received before [17:00] hours (London time) will normally be processed by the Clearing House on the day of receipt. Requests received after 17:00 hours will normally be processed on the following Business Day.~~

- (f) That portion (if any) of:
- (i) the Clearing House Current Collateral Balance in respect of the Carrying Clearing Member which is attributable to the Transferring SwapClear Contracts (the "Relevant Portion") shall be reduced to zero; and
 - (ii) the Clearing House Current Collateral Balance in respect of the Receiving Clearing Member shall be increased by an amount equal to the value of the Relevant Portion immediately prior to the reduction referred to in (i) immediately above.

1.15.9 Verification and Reliance

- (a) Subject to paragraph (b) below, but otherwise notwithstanding anything to the contrary in the Regulations or these Procedures, in making any Transfer Request in accordance with Regulation 60 (Transfer) and this Section 1.15, the Clearing House shall be authorised and entitled to rely conclusively on the instructions of, and information provided by, the Receiving Clearing Member and the Carrying Clearing Member, which shall be solely responsible for all such instructions and information.
- (b) The Clearing House shall verify that the Transferring SwapClear Contracts identified to it by a Receiving Clearing Member as being the subject of such Transfer Request correspond to SwapClear Contracts which, according to its records, are registered in the Transfer Account of the Carrying Clearing Member on behalf of the Eligible Transferor. **In the event that** the Clearing House identifies a discrepancy, it will notify the Receiving Clearing Member and the Carrying Clearing Member and

no transfer will occur until such time as the Transferring SwapClear Contracts identified to the Clearing House can be verified by the Clearing House.

1.15.10 Intra-Clearing Member Transfers

In connection with ~~each transfer of one or more SwapClear Contracts that a Clearing Member transfers between two of its Client Accounts, the Clearing Member~~any Permitted Transfer of Transferring SwapClear Contracts where the Transfer Account of the Eligible Transferor and the Transfer Account of the Eligible Transferee are held by the same SCM (i.e., where the same SCM serves as both the Carrying Clearing Member and the Receiving Clearing Member), such SCM shall be deemed to make the following agreements, acknowledgements and representations ~~set forth in the following paragraph to the Clearing House with respect to each such transfer. The Clearing Member acknowledges and agrees that:~~

- (a) ~~(i)~~—the contractual terms of the relevant Transferring SwapClear Contracts will not change solely as a result of the Clearing House effecting the ~~requested transfer~~Permitted Transfer;
- (b) ~~(ii)~~—the ~~Clearing Member~~SCM will remain liable to the Clearing House for all obligations under the relevant Transferring SwapClear Contracts prior to, during and after the ~~transfer~~Permitted Transfer;
- (c) ~~(iii)~~—the Clearing House may require that certain changes be made to the books and records of one or more Approved Trade Source Systems in order to reflect the ~~requested transfer~~Permitted Transfer;
- (d) ~~(iv)~~—the Clearing House is acting solely upon the ~~Clearing Member~~SCM's instructions as detailed to the Clearing House in writing and in reliance on the SwapClear Clearing Member's agreements and representations (including as set out in this Section ~~{1.20.4(e)}~~1.15.10) in connection therewith;
- (e) ~~(v)~~—the ~~requested transfer~~Permitted Transfer is permissible under ~~applicable law~~Applicable Law and is not in violation of ~~applicable law~~Applicable Law, and the ~~Clearing Member~~SCM has obtained any and all necessary and appropriate consents, authorisations and approvals, ~~including from Clearing Clients, regulators or otherwise,~~ and has taken any other actions required under ~~applicable law, in connection with the requested transfer;~~
- ~~(vi)~~—~~Collateral will not be transferred and the transfer may be conditional upon Collateral being delivered to the Clearing House;~~
- ~~(vii)~~—~~if the Clearing House determines (in its sole discretion) to make the requested transfer, the Clearing House may refuse to carry out the transfer or any requested actions in connection therewith until the Clearing Member provides it with such evidence of the~~

~~authorisation of the transfer by the relevant Clearing Client(s) as the Clearing House may require in its sole discretion~~Applicable Law in connection with the Permitted Transfer; and

- (f) ~~(viii)~~ the Clearing House shall not be liable for any costs, expenses, damages or losses, whether direct or indirect, suffered by any of the parties hereto, or by the ~~Clearing Clients~~Eligible Transferor or Eligible Transferee, as a result of any actions taken by the Clearing House in connection with the ~~transfer~~Permitted Transfer.

1.15.11 Fees

Any Permitted Transfer effected pursuant to Regulation 60 and in accordance with these Procedures will be subject to such fees as are established by the Clearing House from time to time in its sole and absolute discretion, and notified to SwapClear Clearing Members via a member circular.

**Appendix III
FCM Regulations**

**FCM REGULATIONS OF
THE CLEARING HOUSE
LCH.CLEARNET LIMITED**

REGULATION 1 DEFINITIONS

“Carrying Clearing Member”

means (i) an FCM Clearing Member that ~~has an account for an FCM Client, and in respect of which the FCM carries a Transfer Account from which Transferring SwapClear Contracts and the relevant Associated Collateral attributed to such account is to~~ Balance(s) may be transferred to the Transfer Account of a Receiving ~~FCM Clearing Member pursuant to FCM Regulation 13 and in accordance with the FCM Procedures~~ Clearing Member (capitalized terms used in this sub-paragraph (i) having the meanings set out in the UK General Regulations, as modified by FCM Regulation 46(p)) or (ii) in respect of a transfer as described in sub-paragraph (b) of the definition of “Receiving Clearing Member”, a Clearing Member (as defined in the UK General Regulations, and being an entity other than an FCM Clearing Member) (and, for the avoidance of doubt, a Carrying Clearing Member may be a Receiving Clearing Member, and vice versa).

“Receiving FCM Clearing Member”

means (i) an FCM Clearing Member or (ii) where the ~~Porting~~ Transferring SwapClear Contracts are FCM SwapClear Contracts, a Clearing Member (as defined in the UK General Regulations, and being an entity other than an FCM Clearing Member) in each case ~~nominated by an FCM Client to that carries the Transfer Account that will~~ receive the transfer of ~~part or all of the FCM Contracts and associated Collateral attributable to such FCM Client from the~~ Transferring SwapClear Contracts and, where applicable, Associated Collateral Balance(s) held in respect of the Eligible Transferor from a Carrying Clearing Member ~~that previously carried such account, pursuant to FCM Regulation 13 and in accordance with the FCM Procedures.~~ For the avoidance of doubt, where the ~~Porting~~ Transferring SwapClear Contracts are FCM SwapClear Contracts: (a) an entity that is an FCM Client may also be a Receiving Clearing Member, and (b) a Receiving Clearing Member that is an FCM Clearing Member may be nominated to receive the transfer of ~~Relevant~~ Transferring SwapClear Contracts and Associated Collateral Balance from a Carrying Clearing Member that is not an FCM Clearing Member pursuant to Regulation 60 of the UK General Regulations ~~(capitalized and, for the avoidance of doubt, a Carrying Clearing Member may be a Receiving Clearing Member, and vice versa).~~

Capitalized terms used in this ~~sub-paragraph (b)~~ definition having the meanings set out in the UK General Regulations as

modified by FCM Regulation 46(p).

REGULATION 13 TRANSFER

Except as otherwise expressly provided herein, the provisions of FCM Regulation 13(a), (b), (c), (d), (f), (j) and (k) do not apply in respect of transfers of FCM SwapClear Contracts.

- (a) **Transfer of FCM Client Contracts and Collateral from Carrying Clearing Members to Receiving Clearing Members.** A Receiving FCM Clearing Member may, upon the instruction or at the request of an FCM Client, request (in the manner set out in the FCM Procedures) that the Clearing House transfer to the Receiving Clearing Member some or all of an FCM Client's FCM Contracts registered to its FCM Client Sub-Account or to an FCM Omnibus Futures Client Account with LCH with a Carrying Clearing Member (such FCM Contracts subject to transfer, the "**Porting Contracts**"). Where the Porting Contracts constitute the entire portfolio of an FCM Client's FCM Contracts registered with the Carrying Clearing Member (and only in such case), the Receiving FCM Clearing Member may also request in connection with such transfer the transfer of the applicable Collateral attributable to such FCM Client (such Collateral, the "**Porting Collateral**"). It is a condition precedent to any transfer described in this paragraph that:
- (i) the FCM Client has not become insolvent (such FCM Client to be presumed to be solvent by the Clearing House unless evidenced to the contrary by the Carrying Clearing Member in the manner set forth in the FCM Procedures or as otherwise reasonably determined by the Clearing House);
 - (ii) neither the Carrying Clearing Member nor the Receiving Clearing Member is a Defaulter;
 - (iii) the Receiving FCM Clearing Member has consented to the transfer of the Porting Contracts and, if applicable, the Porting Collateral;
 - (iv) the Clearing House determines that, following the transfer, the Receiving FCM Clearing Member shall have satisfied the Required Margin in respect of the Porting Contracts;
 - (v) in the event that the transfer would lead to an increase in Required Margin due from the Carrying Clearing Member to the Clearing House, the Carrying Clearing Member provides sufficient Margin to the Clearing House to satisfy such requirement; and
 - (vi) the Carrying Clearing Member has not rejected such transfer (it being presumed by the Clearing House that the Carrying Clearing Member has not rejected the transfer unless it has rejected it in the manner set forth in the FCM Procedures or as otherwise reasonably determined by the Clearing House).

For purposes of clause (vi) above, the Carrying Clearing Member will be entitled to reject the transfer only if (A) the applicable FCM Client has failed to satisfy all outstanding obligations that are due and payable to the Carrying Clearing Member and its affiliates, including any increased Margin due and payable that may result from the proposed transfer (for this purpose, "obligations" shall consist only of those obligations that arise as a result of cross-margining, cross-netting or other similar arrangements with respect to the Porting Contracts of the FCM Client which are being transferred, or

- (k) **Swaps Products.** Transfers of FCM Contracts that are Swaps Products (other than FCM SwapClear Contracts) made pursuant to FCM Regulation 13(d)(ii) shall only be permitted where: (i) the transferred FCM Contracts will be beneficially owned by the same FCM Client following the transfer; (ii) an error has been made in the registration of an FCM Contract and the error is discovered and the transfer is completed within three Business Days (or any such longer period that the Clearing House may agree to in its sole discretion) after the submission of the corresponding FCM Transaction for registration or the allocation of the relevant FCM Contract; or (iii) the Clearing House otherwise approves the transfer in its sole discretion. Any transfers carried out in accordance with this FCM Regulation 13 are subject to the provisions of the FCM Procedures.

**REGULATION 46 REGISTRATION OF FCM SWAPCLEAR CONTRACTS;
NOVATION AND POST-NOVATION COMPRESSION; SWAPCLEAR
ACCOUNTS; PORTFOLIO TRANSFERS**

- (a) In order for an FCM to register an FCM SwapClear Contract in respect of the registration of an FCM SwapClear Transaction, the FCM must be currently approved as an FCM Clearing Member pursuant to these FCM Regulations. The Executing Parties to such FCM SwapClear Transaction shall be responsible for any give-up or other agreement mutually agreed to among the parties with respect to such transactions, as applicable. An FCM Clearing Member must submit the particulars of an FCM SwapClear Transaction for registration as two FCM SwapClear Contracts or one FCM SwapClear Contract and one Non-FCM SwapClear Contract (as the case may be) in accordance with these FCM Regulations. Each FCM SwapClear Transaction involving an FCM Client shall be presented to the Clearing House for registration on behalf of such FCM Client by its FCM Clearing Member.
- (b) Where an Executing Party enters into an FCM SwapClear Transaction and such FCM SwapClear Transaction is to be cleared through an FCM Clearing Member, the Clearing House shall (only where such FCM SwapClear Transaction is not an FCM US Trading Venue Transaction) notify the FCM Clearing Member of such FCM SwapClear Transaction and request acceptance for registration in accordance with the FCM Procedures. Upon (i) receipt of acceptance for registration by the Clearing House from the FCM Clearing Member (where such FCM SwapClear Transaction is not an FCM US Trading Venue Transaction), and (ii) receipt of the FCM SwapClear Transaction details by the Clearing House in accordance with the FCM Procedures (where such FCM SwapClear Transaction is an FCM US Trading Venue Transaction), the FCM Clearing Member shall be deemed to have presented the FCM SwapClear Transaction to the Clearing House (and such presentation may not be withdrawn by the FCM Clearing Member unless otherwise provided in the FCM Rulebook) and the Clearing House shall register the FCM SwapClear Transaction subject to, and in accordance, with these FCM Regulations and the FCM Procedures.
- (c) Without prejudice to the Clearing House's rights under paragraph (g) of this FCM Regulation 46, an FCM Clearing Member shall be bound by an FCM SwapClear Contract registered in its name on behalf of an FCM Client.
- (d) The Clearing House shall register or reject the registration of an FCM SwapClear Contract in respect of an FCM SwapClear Transaction presented for registration subject to, and in accordance with, these FCM Regulations and the FCM Procedures as quickly as would be technologically practicable if fully automated systems were used (the standard required in Part 39 of the CFTC Regulations), **provided that:**
- (i) both sides of the relevant FCM SwapClear Transaction have been properly presented and submitted for clearing by (or on behalf of) the Executing Parties;
 - (ii) the relevant FCM SwapClear Transaction meets the FCM SwapClear Product Eligibility Criteria prescribed in the FCM Product Specific Contract Terms and Eligibility Criteria Manual at the time the particulars of the FCM SwapClear Transaction are presented to the Clearing House and continues to meet such criteria at the Registration Time;

SwapClear Transaction or Allocation Notice were a new FCM SwapClear Transaction with respect to the relevant account: (A) the provision by the Pre-Allocation FCM Clearing Member of adequate Margin in the FCM SwapClear Suspension Sub-Account at the time of registration of the Unallocated FCM SwapClear Contract; (B) the provision by the applicable Post-Allocation FCM Clearing Member(s) of adequate Margin, at the time of the transfer of the relevant Unallocated FCM SwapClear Contract, in respect of each of the applicable Client Segregated Sub-Accounts or Proprietary Account to which an Unallocated FCM SwapClear Contract is to be allocated. If adequate Margin is not so provided in respect of each Proprietary Account, Client Segregated Sub-Account and Omnibus Client Swaps Account with LCH, the Clearing House may in its sole discretion, delay or reject the allocation and transfer all or any portions of the Unallocated SwapClear FCM Contract, and may take any other actions permitted under the FCM Rulebook.

- (x) In order to meet the obligations of a FCM Clearing Member set out under paragraph (viii) above, the Clearing House will solely look to the FCM Buffer held by the relevant FCM Clearing Member and such FCM Buffer shall only be available to margin an Unallocated FCM SwapClear Transaction to the extent that it is Available FCM Buffer. For such time as any Available FCM Buffer is, and remains, applied to margin an Unallocated FCM SwapClear Transaction, such FCM Buffer shall no longer be Available FCM Buffer and shall be Encumbered Buffer.
- (xi) Each Pre-Allocation FCM Clearing Member and Post-Allocation FCM Clearing Member must comply with the applicable provisions of the CFTC Regulations (including CFTC Regulations 1.35 and 1.73) and all other Applicable Law, and shall be responsible for ensuring that Pre-Allocation Executing Parties clearing through it are in compliance with CFTC Regulation 1.35(b)(5), where applicable.

(p) **Portfolio Transfers.** Other than in the event that an FCM Clearing Member is a Defaulter, an FCM Clearing Member providing FCM SwapClear Clearing Services may, acting for its own account or for the account of an FCM Client, effect Permitted Transfers in accordance with paragraphs (a) and (b)(ii)-(iv) of UK General Regulation 60 and Section 1.15 (Portfolio Transfers – BAU) of UK SwapClear Procedure 2C, provided that:

(i) references in paragraphs (a) and (b)(ii)-(iv) of UK General Regulation 60 and Section 1.15 of UK SwapClear Procedure 2C to:

(A) “Associated Collateral Balance” shall be understood to include, where the context so requires, references to the applicable Collateral attributable to the FCM Clearing Member or the FCM Client, as relevant, to be transferred;

(B) “Carrying Clearing Member” shall be understood to be references to “Carrying Clearing Member” as defined in the FCM Rulebook;

(C) “Client Account” be understood to include, where the context so requires, references to “FCM Client Sub-Account”;

- (D) “Eligible Transferee” shall be understood to include, where the context so requires, references to an FCM Clearing Member, acting for its own account or for the account of an FCM Client, that will receive Transferring SwapClear Contracts from an Eligible Transferor;
- (E) “Eligible Transferor” shall be understood to include, where the context so requires, references to an FCM Clearing Member, acting for its own account or for the account of an FCM Client, that will transfer Transferring SwapClear Contracts to an Eligible Transferee;
- (F) “Proprietary Account” shall be understood to include, where the context so requires, references to “Proprietary Account” as defined in the FCM Rulebook;
- (G) “Receiving Clearing Member” shall be understood to be references to “Receiving Clearing Member” as defined in the FCM Rulebook;
- (H) “SCM” or “SwapClear Clearing Member” shall be understood to include, where the context so requires, references to an FCM Clearing Member providing FCM SwapClear Clearing Services;
- (I) “sufficient Collateral” as used in Section 1.15.5(h) of UK SwapClear Procedure 2C shall be understood to include, where the context so requires, references to “Required Margin”; and
- (J) “SwapClear Contracts” shall be understood to include, where the context so requires, references to “FCM SwapClear Contracts”;
- (ii) any Permitted Transfer of FCM SwapClear Contracts shall occur by novation as provided in FCM Regulation 13(c)(i);
- (iii) in respect of any Permitted Transfer where an FCM Clearing Member is the Carrying Clearing Member and that involves the transfer of an Associated Collateral Balance, the provisions of FCM Regulation 13(c)(ii) shall apply to the exclusion of Section 1.15.8(a)-(f) of UK SwapClear Procedure 2C;
- (iv) in respect of any Permitted Transfer from one FCM Client Sub-Account to another FCM Client Sub-Account of the same FCM Clearing Member, the FCM Clearing Member acknowledges and agrees that the Clearing House may debit or credit the FCM Clearing Member’s accounts at the Clearing House with any obligations, liabilities or otherwise as appropriate and permissible under Applicable Law;
- (v) an FCM Clearing Member, acting for its own account or for the account of an FCM Client, may not effect Permitted Transfers in accordance with paragraphs (d) or (e) of Section 1.15.2 of UK SwapClear Procedure 2C;
- (vi) for the avoidance of doubt:

 - (A) any Permitted Transfers effected pursuant to this paragraph (p) remain subject to the provisions of: (I) FCM Regulation 13(g), (h) and (i); and

(II) the CEA, the FCM Procedures and the CFTC Regulations regarding segregation of assets; and

(B) any Permitted Transfer from the Proprietary Account of a Carrying Clearing Member that is an FCM Clearing Member to the Proprietary Account of a Receiving Clearing Member that is an FCM Clearing Member may only occur where both FCM Clearing Members are Affiliates of each other.

**Appendix IV
FCM Procedures**

2.1.11 *Portfolio Transfers of FCM Clients (BAU)*

~~In certain circumstance the Clearing House will transfer FCM SwapClear Contracts from one FCM Clearing Member to another FCM Clearing Member, pursuant to and in accordance with FCM Regulation 13 (*Transfer*) and these FCM Procedures.~~

~~(a) — *Partial Transfers of FCM Clients*~~

~~Where a Receiving FCM Clearing Member wishes, on behalf of an FCM Client, to receive a transfer of a portion of such FCM Client's portfolio of FCM SwapClear Contracts held with a Carrying Clearing Member, it shall provide the Clearing House with an FCM Client Partial Transfer Form (see Schedule 2.1B), signed on behalf of the relevant FCM Client. Such form shall list all of the FCM SwapClear Contracts that are to be transferred pursuant to this procedure. Following receipt of an FCM Client Partial Transfer Form, the Clearing House shall notify the Carrying Clearing Member that a request has been received to transfer FCM SwapClear Contracts. All partial transfers shall take place in accordance with the timing and notice requirements set out in Section 2.1.12(d). In the event that such timing and notice requirements are not complied with, and unless agreed otherwise between the Clearing House, the Carrying Clearing Member and the Receiving Clearing Member, the relevant partial transfer shall not take effect.~~

~~In the event that any of the applicable conditions set forth in FCM Regulation 13 (*Transfer*) are not satisfied, including where the Carrying Clearing Member notifies the Clearing house that they have not been satisfied using the Carrying Member Response Form the Clearing House shall not proceed with the transfer of the FCM SwapClear Contracts and shall promptly notify the Receiving Clearing Member of such outcome. If the Receiving Clearing Member wishes to proceed with such transfer, it shall be required to submit a new request to transfer in accordance with these FCM Procedures.~~

~~(b) — *Full Transfers of FCM Clients*~~

~~Where a Receiving FCM Clearing Member wishes, on behalf of an FCM Client, to receive a transfer of such FCM Client's entire portfolio of FCM SwapClear Contracts held with a Carrying Clearing Member, it shall provide the Clearing House with an FCM Client Full Transfer Form (see Schedule 2.1C), signed on behalf of the relevant FCM Client. Such form shall confirm that all FCM SwapClear Contracts attributable to the applicable FCM Client shall~~

~~be transferred pursuant to this procedure. Where a Receiving FCM Clearing Member submits an FCM Client Full Transfer Form, it must confirm whether or not the FCM Client also wishes to transfer the Collateral furnished to the Clearing House in respect of the transferring FCM SwapClear Contracts. Following receipt of an FCM Client Full Transfer Form, the Clearing House shall notify the Carrying Clearing Member that a request has been received to transfer FCM SwapClear Contracts. All full transfers shall take place in accordance with the timing and notice requirements set out in Section 2.1.12(d). In the event that such timing and notice requirements are not complied with, and unless agreed otherwise between the Clearing House, the Carrying Clearing Member and the Receiving Clearing Member, the relevant partial transfer shall not take effect.~~

~~In the event that any of the applicable conditions set forth in FCM Regulation 13 (*Transfer*) are not satisfied, including where the Carrying Clearing Member notifies the Clearing House that they have not been satisfied using the Carrying Member Response Form the Clearing House shall not proceed with the transfer of the FCM SwapClear Contracts or the transfer of Collateral (when applicable), and shall promptly notify the Receiving Clearing Member of such outcome. If the Receiving Clearing Member wishes to proceed with such transfer, it shall be required to submit a new request to transfer in accordance with these FCM Procedures.~~

~~Following receipt by the Carrying Clearing Member of notice that a Full Transfer Form has been received, the Carrying Clearing Member shall not be permitted to submit additional FCM SwapClear Contracts on behalf of the FCM Client whose FCM SwapClear Contracts are subject to transfer during the period commencing at the end of the SwapClear service operating hours on the day on which the relevant Carrying Clearing Member received such notice and ending at the time at which the relevant transfer (including the transfer of any relevant Collateral, if applicable) is actually effected, fails or is rejected in accordance with Regulation 13 (*Transfer*) and these FCM Procedures.~~

~~(c) — *Collateral Transfers*~~

~~Where a Receiving FCM Clearing Member notifies the Clearing House that an FCM Client wishes to transfer Collateral from a Carrying Clearing Member to a Receiving FCM Clearing Member, the Clearing House shall notify the Carrying Clearing Member of such transfer in accordance with the timetable below.~~

~~Following such notification and upon request from the Clearing House, the Carrying Clearing Member shall confirm to the Clearing House (using the Carrying Member Response form at Schedule 2.1D) which Collateral is attributable to the transferring FCM Client and the associated FCM SwapClear Contracts. In the event that the Carrying Clearing Member fails to do so in accordance with the timetable below, the Clearing House shall transfer sufficient cash or non-cash Collateral from the Carrying Clearing Member's relevant FCM Client Sub Account or FCM Omnibus SwapClear Client Account with LCH (such Collateral as selected in the Clearing House's sole discretion) to enable the transfer. Following the Clearing House's determination of the Collateral that is to be transferred, it shall notify the Carrying Clearing Member and the Receiving FCM Clearing Member of the Collateral that will be transferred in accordance with the timetable below. Following receipt of such notification by the Clearing House, the Receiving Clearing Member may elect to reject the transfer of some or all of the relevant Collateral in accordance with Regulation 13 (*Transfer*). The Clearing House shall transfer that part of the Collateral that has been identified and consented to by the Receiving Clearing Member. In the event that, for whatever reason, the Clearing House is unable to transfer the relevant Collateral, the Clearing House will not proceed with the transfer of the Porting Contracts.~~

~~In the event that any of the applicable conditions set forth in FCM Regulation 13 (*Transfer*) are not satisfied, including where the Carrying Clearing Member notifies the Clearing house that they have not been satisfied using the Carrying Member Response Form the Clearing House shall not proceed with the transfer of the related Collateral. In such circumstances, the Clearing House will notify the Receiving FCM Clearing Member that the associated Collateral will not be transferred and, in order to proceed with the transfer of the associated FCM SwapClear Contracts, the Receiving FCM Clearing Member will have to furnish to the Clearing House sufficient Collateral in respect of the transferring FCM SwapClear Contracts.~~

~~In the event that the Clearing House transfers Collateral pursuant to these FCM Procedures and the FCM Regulations, it will also transfer the aggregate Variation Margin and next day settlement coupons and fees associated with the transferring FCM SwapClear Contracts.~~

(d) ~~Timetable for FCM Client Transfer~~

Time (all references below are to New York City time)	Partial Transfer	Full Transfer (with Collateral)	Full Transfer (without Collateral)
Day 0: 15:00	Deadline for receipt from Receiving FCM Clearing Member of FCM Client Partial Transfer Form.	Deadline for receipt from Receiving FCM Clearing Member of FCM Full Transfer Form and confirmation that Collateral is to be transferred.	Deadline for receipt from Receiving FCM Clearing Member of FCM Full Transfer Form.
Day 1: 05:00	Deadline for notification by the Clearing House to the Carrying Clearing Member and the Receiving FCM Clearing Member that it intends to transfer certain FCM SwapClear Contracts pursuant to a request from the Receiving FCM Clearing Member.	Deadline for notification by the Clearing House to the Carrying Clearing Member and the Receiving FCM Clearing Member that it intends to transfer FCM SwapClear Contracts pursuant to a request from the Receiving FCM Clearing Member.	Deadline for notification by the Clearing House to the Carrying Clearing Member and the Receiving FCM Clearing Member that it intends to transfer FCM SwapClear Contracts pursuant to a request from the Receiving FCM Clearing Member.
Day 2: 09:00	Deadline for notification (if any) from Carrying Clearing Member that: (i) the FCM Client has become insolvent and/or (ii) the FCM Client has unsatisfied outstanding obligations to the Carrying Clearing Member (in accordance with FCM Regulation 13 (Transfer)) and that the Carrying Clearing Member is therefore objecting	Deadline for notification (if any) from Carrying Clearing Member that: (i) the FCM Client has become insolvent and/or (ii) the FCM Client has unsatisfied outstanding obligations to the Carrying Clearing Member (in accordance with FCM Regulation 13 (Transfer)) and that the Carrying Clearing Member is therefore objecting	Deadline for notification (if any) from Carrying Clearing Member that: (i) the FCM Client has become insolvent and/or (ii) the FCM Client has unsatisfied outstanding obligations to the Carrying Clearing Member (in accordance with FCM Regulation 13 (Transfer)) and that the Carrying Clearing Member is therefore objecting

Time (all references below are to New York City time)	Partial Transfer	Full Transfer (with Collateral)	Full Transfer (without Collateral)
	to the transfer.	to the transfer. Deadline _____ for confirmation from Carrying Clearing Member of the Collateral which is to be ported to the Receiving FCM Clearing Member.	to the transfer.
Day 2: 09:00 to 10:00		LCH notifies the Receiving FCM Clearing Member of the Collateral that will be transferred	
Day 2: 14:30	Deadline for receipt by the Clearing House of consent of transfer from the Receiving FCM Clearing Member.	Deadline for receipt by the Clearing House of consent of transfer _____ and associated Collateral from the Receiving FCM Clearing Member.	Deadline for receipt by the Clearing House of consent of transfer from the Receiving FCM Clearing Member.
Day 3: 03:00	Target deadline for notification _____ by Clearing House to the _____ Carrying Clearing Member or the Receiving FCM Clearing Member of whether any _____ additional Collateral _____ is required to enable the transfer.	Target deadline for notification _____ by Clearing House to the Receiving FCM Clearing Member of whether any additional Collateral _____ is required to enable the transfer.	Target deadline for notification _____ by Clearing House to the Receiving FCM Clearing Member of whether any additional Collateral _____ is required to enable the transfer.
Day 3: 04:00	Deadline for receipt by Clearing House of any additional cover from the Carrying Clearing Member or the Receiving FCM	Deadline for receipt by Clearing House of any additional cover from the Receiving FCM Clearing Member required to enable	Deadline for receipt by Clearing House of any additional cover from the Receiving FCM Clearing Member required to enable

Time (all references below are to New York City time)	Partial Transfer	Full Transfer (with Collateral)	Full Transfer (without Collateral)
	Clearing — Member required to enable the transfer.	the transfer.	the transfer.
Day 3: 04:00	Clearing — House transfers — FCM SwapClear Contracts.	Clearing — House transfers — FCM SwapClear Contracts — and associated Collateral.	Clearing — House transfers — FCM SwapClear Contracts.

~~The timings and processes listed in the table above may be amended from time to time by the Clearing House in its full discretion via member circular.~~

~~Where the Carrying Clearing Member is not an FCM Clearing Member then the timings and processes in respect of the above will be as set out in the UK General Procedures.~~

~~(e) — *Transfers of FCM SwapClear Contracts from one FCM Client Sub-Account to another FCM Client Sub-Account*~~

~~An FCM Clearing Member is permitted under certain conditions to transfer FCM SwapClear Contracts registered to one FCM Client Sub-Account to another FCM Client Sub-Account.~~

~~FCM Clearing Members interested in providing these services to their FCM Clients should contact the Clearing House's SwapClear Client Services department. An FCM Clearing Member may provide these services if it is approved to do so by the Clearing House (in its sole discretion), and if the FCM Clearing Member provides the Clearing House, with respect to and prior to each such transfer that it intends to conduct, the information required by the Clearing House with respect to the intended transfer in the format required by the Clearing House (which may include transfer forms or other relevant documentation). Details can be obtained from the Clearing House's SwapClear Client Services department. Even where such FCM Clearing Member has obtained approval from the Clearing House to provide these services, each transfer shall be subject to the Clearing House's discretion. Transfer requests received before 17:00 hours (New York time) will normally be processed by the Clearing House on the day of receipt. Requests received after 17:00 hours will normally be processed on the following Business Day.~~ [may, acting for their own account or for the account of an FCM Client, effect Permitted Transfers in accordance with the provisions of FCM Regulation 46\(m\).](#)

~~In connection with each transfer of one or more FCM SwapClear Contracts that an FCM Clearing Member transfers between two of its FCM Clients, the FCM Clearing Member shall be deemed to make the agreements, acknowledgements and representations set forth in the following paragraph to the Clearing House with respect to each such transfer.~~

~~FCM Clearing Member acknowledges and agrees that:~~

- ~~(i) the contractual terms of the relevant FCM SwapClear Contracts will not change solely as a result of the Clearing House effecting the requested transfer;~~
- ~~(ii) FCM Clearing Member will remain liable to the Clearing House for all obligations under the relevant FCM SwapClear Contracts prior to, during and after the transfer to the same extent that it was prior to such transfer;~~
- ~~(iii) the Clearing House may require that certain changes be made to the books and records of one or more FCM Approved Trade Source Systems in order to reflect the requested transfer;~~
- ~~(iv) the Clearing House is acting solely upon FCM Clearing Member's instructions as detailed to the Clearing House in writing and in reliance on the FCM Clearing Member's agreements and representations (including as set out in this Section 2.1.12(e)) in connection therewith;~~
- ~~(v) the Clearing House may debit or credit FCM Clearing Member's accounts at the Clearing House with any obligations, liabilities or otherwise as appropriate and permissible under Applicable Law;~~
- ~~(vi) the requested transfer is permissible under Applicable Law and is not in violation of Applicable Law, and FCM Clearing Member has obtained any and all necessary and appropriate consents, authorizations and approvals, including from FCM Clients, regulators or otherwise, and have taken any other actions required under Applicable Law, in connection with the requested transfer;~~
- ~~(vii) if the Clearing House determines (in its sole discretion) to make the requested transfer, the Clearing House will not carry out the transfer or any requested actions in connection therewith until FCM Clearing Member provides it with such evidence of the relevant FCM Clients' authorization that the~~

~~transfer be carried out as the Clearing House may require in its sole discretion; and~~

~~(viii) the Clearing House shall not be liable for any costs, expenses, damages or losses, whether direct or indirect, suffered by any of the parties hereto, or by the FCM Clients, as a result of any actions taken by the Clearing House in connection with the transfer.~~

2.1.12 ~~*Proprietary Account Position Transfers*~~ *Reserved*

~~The FCM SwapClear clearing system provides functionality for the transfer of positions from an FCM Clearing Member's Proprietary Account. Any such transfer may only occur if the receiving FCM Clearing Member is an Affiliate of the Carrying Clearing Member.~~

~~An FCM Clearing Member who wishes to effect a position transfer to another FCM Clearing Member should contact the Clearing House's Risk Management Department. Transfers will only be effected once adequate Margin has been furnished by both parties to the transfer. Transfers of Affiliate positions shall not be permitted to another FCM Clearing Member's Proprietary Account unless such Affiliate is also an Affiliate of the FCM Clearing Member receiving the transferred position.~~

~~(a) — *Legal Documentation*~~

~~The Clearing House will provide standard legal documentation for the transfer of positions. The transfer must be authorized by both parties and by individuals with appropriate signing authority.~~

~~(b) — *Position Transfer Notice Period*~~

~~The Clearing House will usually require five Business Days' notice ahead of an intended transfer.~~